

**MONTANA  
ASSOCIATION OF  
COUNTIES**

**BOARD OF DIRECTORS  
Thursday, June 26, 2008  
MACo Conference Room  
Helena, MT  
8:30 A.M.**

2715 Skyway Drive  
Helena, MT 59602-1213  
(406) 444-4360  
Fax (406) 442-5238  
e-mail: maco@maco.cog.mt.us

**Officers**

☒ Cynthia Johnson, President  
☒ Mike McGinley, 1<sup>st</sup> Vice President  
☒ Carl Seilstad, 2<sup>nd</sup> Vice President  
☒ Allan Underdal, Fiscal Officer  
☒ Greg Chilcott, Urban Representative  
☒ John Prinkki, Past President

☒ Bernie Lucas, District #9  
☐ Gary Hall, District #10  
☒ Judy Stang, District #11  
☒ Tom Rice, District #12

**District Chairs/Representatives**

☒ Richard Dunbar, District #1  
☒ Mark Rehbein, District #2  
☒ Donald Reiger, District #3  
☒ Harvey Worrall, District #4  
☒ Arnie Gettel, District #5  
☒ Jerome Kolar, District #6  
☒ John Ostlund, District #7  
☒ Mike Murray, District #8

**Association Representatives**

☒ Leo Gallagher, County Attorneys  
☐ Cyndy Maxwell, Clerk and Records  
☒ Marilyn Hollister, Clerks of Court  
☒ Steve Immenschuh, Coroners  
☒ Gary A. Olsen, Magistrates  
☐ T. Gregory Hintz,  
Sheriff & Peace Officers  
☐ Jo Anne Johnson, Treasurers  
☒ Jules Waber,  
School Superintendents

Others: Harold Blattie, MACo Executive Director; Sheryl Wood, MACo Associate Director;  
Tom Swindle, MACo Finance Officer.

**BOARD OF DIRECTORS**  
**Thursday, June 26, 2008**  
**MACo Conference Room**  
**Helena, MT**

**MINUTES**

**7:45 A.M.    MACo Executive Committee**

- a) Approval of Minutes – March 25, 2008; May 28, 2008: It was moved and seconded to approve the minutes. Motion carried.
- b) Executive Director Performance Evaluation: The Executive Committee reviewed the annual performance evaluation and approved recommending to the full Board of Directors that the salary for the Executive Director to be set at 95% of mean plus 2.8% COLA for fiscal year 2009.

**8:30 A.M.    MACo Board of Directors**

- 1. Call to Order: President Johnson called the meeting to order. Roll call and introductions were conducted.
- 2. Law & Justice Interim Committee: Yellowstone County Commissioner Bill Kennedy gave a presentation to the Board regarding the proposed legislation on detainee medical and involuntary pre-commitment costs.
- 3. Short Term Investment Pool (STIP): Senator Dave Lewis informed the Board of his intent to propose legislation to split the pool to protect local government assets. Senator Lewis stated he would add the authority for local governments to create their own pool in his legislative draft. It is believed that legislation will be introduced that could spread the losses of the STIP to all participants, including local governments. Currently, local governments are entitled to 100% return on their investments and the only risk is loss of earnings. Director Blattie informed the Board of a meeting held at the NACo conference in March with the directors of other state associations who have their own investment pools. Director Blattie further cautioned that if counties had withdrawn their funds from the STIP and placed them in a bank, to be sure they are in collateralized accounts and ensure their balances do not exceed the FDIC insured amount.
- 4. Approval of the Minutes – February 11, 2008: Greg Chilcott moved and Carl Seilstad seconded to approve the minutes as presented. Motion carried.
- 5. Executive Director Performance Evaluation: President Johnson presented the results of the evaluation. President Johnson noted that she had implemented a new format was this year, taking questions from other state association director's evaluation forms and using an online survey format. It was requested that the questions be evaluated, as some of them had a low

response due to them being more Board than Association member focused.

6. Finance Report: Tom Swindle reviewed the financial statements for the period ending May, 2008. Director Blattie noted the decline in interest income, as the interest rate on the repurchase account has decreased from 4.9% to .92%. Greg Chilcott moved and John Ostlund seconded to accept the finance report. Motion carried.
7. District Meeting Report: Sheryl Wood reviewed the handout that outlined the actions taken at the District Meetings regarding resolutions, nominations and elections.
8. Proposed By-Law Amendments: Sheryl Wood presented the proposed bylaw amendments, as requested by the Board and Districts. The first proposed amendment would allow elected official associations to be voting members of the Board. The second proposed amendment would eliminate the requirement of two nominees for the positions of MACo 2<sup>nd</sup> Vice President and Fiscal Officer. Mike McGinley moved and Harvey Worrall seconded to present the proposed amendments to the membership. Motion carried.
9. Legislative Interim Committee Report: Harold and Sheryl informed the Board of the work of the Interim Committees and proposed legislation. It was asked that MACo monitor proposed legislation regarding the Comprehensive Wildlife Study conducted by Fish, Wildlife & Parks.
10. MACo Resolutions Process: John Prinkki requested the Board consider how resolutions are prioritized, and consideration be given to MACo staffing levels. John stated that for MACo to be effective, we need to focus on bills that directly affect counties, and not on indirect or constituent issues. Following discussion, it was asked that the Resolutions Committee evaluate proposed resolutions as to whether they should be a resolution or position statement.
11. Upcoming Meeting Schedule: The Board was provided a calendar of events for the remainder of the year and asked to schedule accordingly for Board meetings.
12. NACo Board and Steering Committee Appointments: The Board was provided a list of the appointments made by President Johnson to the NACo Board and Steering Committees. It was noted that MACo has a large representation at the national level due to numerous positions being sponsored and funded by other agencies and/or counties.
13. Other Business:
  - a. The Board was presented with a letter from Lewis and Clark County Commissioner Andy Hunthausen thanking them for their sponsorship of his attendance at the NACo County Leadership Institute.
  - b. Harold informed the Board that the MSU Local Government Center will be updating the Public Lands Handbook. MACo will be assisting with the printing costs and will be distributing one per county.
14. Proposed FY 2009 Budget
  - a. Budget Review: The Board was presented with a handout showing the increase in non-dues revenues (sponsorships, etc.) from FY 05 to FY 08. The Board also discussed the proposed budget for NACo travel and the legislative budget.

- b. FY 2009 Membership Dues: Allan Underdal reported that the Finance and Budget Committee was recommending a 2.8% COLA increase, which would incrementally increase dues rather than falling behind and asking the membership for a larger increase later. Allan Underdal moved and John Ostlund seconded to approve the 2009 member dues with a 2.8% COLA increase. Motion carried.
- c. Path to Eden: Director Blattie informed the Board that he had received a request from the Rural Landscape Institute requesting a \$500 donation. It was noted that the Board has twice previously committed funds to this project. Richard Dunbar moved and Tom Rice seconded to deny the request for funds. Motion carried.
- d. Court Administrator's Office: Director Blattie informed the Board that a request has been received from the Court Administrator's office for MACo to serve as a pass-through entity for remaining district court security grant funds. The original grant program allocated \$220,000 to counties to implement security in District Courts, and \$80,000 was retained for counties who did not submit requests. These funds will revert back to the federal government if they are not diverted or expended by June 30, 2008. The Court Administrators office would like MACo to accept the funds, and they will work with MACo on the allocation of the funds.

Allan Underdal moved and Harvey Worrall seconded to accept the funds. Mike Murray suggested a friendly amendment that the agreement include an administrative fee for the Association. Underdal and Worrall accepted the friendly amendment. Carl Seilstad made a friendly amendment that the motion include the authority for Director Blattie to work with the Court Administrator's office on the language in the agreement. Underdal and Worrall accepted the friendly amendment. Motion carried.
- d. President's Scholarship Award: President Johnson introduced Bryce Nelson and his parents Dan and Christy. Bryce thanked the Board for the scholarship.

The Board then recessed for lunch prior to going into the Joint Meeting with the Trustees of the JPIA, JPA and HCT.

# MONTANA ASSOCIATION OF COUNTIES

2715 Skyway Drive  
Helena, MT 59602-1213  
(406) 444-4360  
Fax (406) 442-5238  
e-mail: maco@maco.cog.mt.us

**MACo Board of Directors (MACo)  
MACo Joint Powers Authority Trustees (JPA)  
MACo Joint Powers Insurance Authority Trustees (JPIA)  
MACo Health Care Trust Trustees (HCT)  
Thursday, June 26, 2008  
MACo Conference Room - Helena, MT**

## MINUTES

### MACo BOARD OF DIRECTORS:

☒ Cynthia Johnson, President  
☒ Mike McGinley, 1<sup>st</sup> Vice President  
☒ Carl Seilstad, 2<sup>nd</sup> Vice President  
☒ Allan Underdal, Fiscal Officer  
☒ Greg Chilcott, Urban Representative  
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☒ Mike Murray, District #8  
☒ Bernie Lucas, District #9  
☒ Gary Hall, District #10  
☒ Judy Stang, District #11  
☒ Tom Rice, District #12

### JPA

☒ Cyndi Johnson, Chair  
☒ Mike McGinley  
☒ Carl Seilstad  
☒ John Prinkki  
☒ Allan Underdal  
☒ Greg Chilcott

### JPIA

☒ Mike Murray, Chair  
☒ Cyndi Johnson  
☒ Mike McGinley  
☒ Carl Seilstad  
☒ Richard Dunbar  
☒ Paddy Trusler

### HCT

☒ Cyndi Johnson, Chair  
☒ Mike McGinley  
☒ Herb Townsend  
☒ Dave Reinhardt  
☒ Jim Durgan  
☒ Pat Eggebrecht

Others: Harold Blattie, MACo Executive Director; Sheryl Wood, MACo Associate Director; Tom Swindle, MACo Finance Officer; Greg Jackson, MACo JPIA/JPA Trust Administrator, Jack Holstrom, MACo JPIA Personnel Services Administrator; Keith Stapley, MACo JPIA/JPA Claims Administrator, Owen Voigt, MACo HCT Administrator.

1. **Preliminary FY 2009 Budget (MACo/JPA/JPIA/HCT):** The Directors and Trustees moved to approve the preliminary budget minus payroll costs:

MACo: \$373,907	Motion: Allan Underdal. Second: Mike Murray. Motion carried.
JPA: \$355,161	Motion: John Prinkki. Second: Allan Underdal. Motion carried. (Carl Seilstad abstained)
JPIA: \$496,035	Motion: Paddy Trusler. Second: Mike McGinley. Motion carried. (Carl Seilstad abstained)
HCT: \$159,438	Motion: Pat Eggebrecht. Second: Mike McGinley. Motion carried.

**2. Supplemental Budget Authority Requests**

- a. **Digital Imaging System (JPA/JPIA/HCT):** The Trustees moved to approve the budget request for the Digital Imaging System:

JPA: \$17,389 Motion: John Prinkki. Second: Allan Underdal. Motion carried.  
JPIA: \$ 7,453 Motion: Cyndi Johnson. Second: Paddy Trusler. Motion carried.  
HCT: \$ 8,394 Motion: Pat Eggebrecht. Second: Herb Townsend. Motion carried.  
(Note: Action taken at June 25, 2008 HCT Trustee meeting.)

- b. **Video Conferencing System (MACo/JPA/JPIA/HCT):** The Directors and Trustees moved to deny the request for the Video Conferencing System:

MACo: Motion: Greg Chilcott. Second: Mike McGinley. Motion carried.  
JPA: Motion: Greg Chilcott. Second: John Prinkki. Motion carried.  
JPIA: Motion: Cyndi Johnson. Second: Mike McGinley. Motion carried.  
HCT: Motion: Pat Eggebrecht. Second: Mike McGinley. Motion carried.

It was requested that staff review the costs of this system annually.

- c. **Server System (MACo/JPA/JPIA/HCT):** The Directors and Trustees moved to approve the request for the Video Conferencing System:

MACo: \$5,561 Motion: Mark Rehbein. Second: Allan Underdal. Motion carried.  
JPA: \$12,547 Motion: Mike McGinley. Second: Carl Seilstad. Motion carried.  
JPIA: \$18,458 + \$3,542 = \$22,000  
Motion: Carl Seilstad. Second: Mike McGinley. Motion carried.  
NOTE: As the underwriter has reduced the JPIA premium by \$22,000 for FY 09 to offset the cost of the server system, the balance of \$3,542 will be placed into reserve towards future JPIA contributions.  
HCT: \$7,487 Motion: Mike McGinley. Second: Jim Durgan. Motion carried.

- d. **Legislative Interns (MACo/JPA/JPIA/HCT):** The Directors and Trustees moved to approve the request for Legislative Interns:

MACo: \$8,000 Motion: Mike McGinley. Second: Greg Chilcott. Motion carried.  
JPA: \$1,000 Motion: Greg Chilcott. Second: John Prinkki. Motion carried.  
JPIA: \$ 500 Motion: Paddy Trusler. Second: Mike McGinley. Motion carried.  
HCT: \$ 500 Motion: Pat Eggebrecht. Second: Mike McGinley. Motion carried.

3. **Audit Report (MACo/JPA/JPIA/HCT):** Director Blattie distributed a copy of the draft Management Discussion and Analysis that had been sent to AZ for the JPA Audit. AZ should be finalizing the audit soon. Director Blattie further reported that a letter had been submitted to AZ regarding their delinquency in completion of the JPIA and HCT audits, requesting an explanation and an action plan for the timely completion of all audits. Director Blattie was asked to inquire if a two-year audit could be conducted to save costs.

**4. Other Business**

- a. **JPA /JPIA – Safety National Index Bureau (SNIB):** The Trustees were provided

with a copy of a letter from Safety National Casualty Corporation (SNCC) regarding the recent claims audit. SNCC suggested the use of the SNIB to obtain prior claims information. Keith Stapley does not recommend implementation of use of the system and asked for Trustee direction. The Trustees previously denied pursuit of use of the system based on costs.

JPA: Mike McGinley moved and John Prinkki seconded to deny pursuit of the use of the SNIB. Motion carried.

JPIA: Paddy Trusler moved and Carl Seilstad seconded to deny pursuit of the use of the SNIB. Motion carried.

- b. **JPA – Granite County:** Greg Jackson informed the Trustees that he had received notification from Granite County that they would be continuing workers compensation coverage through MACo JPA. Though the costs are higher than the competitors, personal service and professional relationships were determining factors.

#### **EXECUTIVE SESSION:**

##### **1. Salary Proposals (MACo/JPA/JPIA/HCT)**

- a. **Executive Director:** The Directors and Trustees moved, seconded and approved the Executive Committee recommendation to increase the Executive Director's FY 09 salary to 95% of mean plus 2.8% COLA.
- b. **Staff Salaries:** The Directors and Trustees moved to approve staff salaries with a 2.8% COLA and/or the Executive Director's recommendation, whichever is higher.

MACo: Motion: Mike McGinley Second: Mark Rehbein. Motion carried 10-5

JPA: Motion: John Prinkki Second: Allan Underdal. Motion carried 4-2

JPIA: Motion: Mike McGinley. Second: Cyndi Johnson. Motion carried 4-2

HCT: Motion: Mike McGinley. Second: Jim Durgan. Motion carried 3-1

NOTE: Director Blattie abstained from voting on salary proposals.

2. **FY 2009 Final Budget Adoption and MACo Service Agreement Renewal:** The Trustees moved to approve the FY 09 Budget as amended and the FY 09 MACo Service Agreement:

JPIA: Motion: Carl Seilstad Second: Mike Murray. Motion carried.

JPA: Motion: Carl Seilstad. Second: John Prinkki. Motion carried.

HCT: Motion: Pat Eggebrecht. Second: Mike McGinley. Motion carried.

(Note: Action taken at June 25, 2008 HCT Trustee meeting)

##### **3. FY 2009 MACo/Trust Service Agreement Renewals (MACo)**

MACo: Carl Seilstad moved and Mike McGinley seconded to adopt the FY 09 budget as amended and to approve the FY 09 Service Agreements with the JPA, JPIA and HCT Insurance Pools. Motion carried unanimously.

Signature authority for the Service Agreements was granted as follows:

MACo: Harold Blattie, Executive Director

JPA: Cyndi Johnson, Chair

JPIA: Mike Murray, Chair

HCT: Cyndi Johnson, Chair

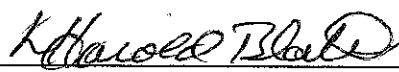
Directors and Trustees were provided a copy of the current MACo organizational chart as of July 2008.

<b>FY 2009 BUDGET AUTHORITY and SERVICE AGREEMENT AMOUNTS</b> <b>Approved by the MACo Board of Directors and the Trustees of the JPA, JPIA and HCT</b> <b>June 26, 2008</b>					
<b>Item</b>	<b>MACo</b>	<b>JPA</b>	<b>JPIA</b>	<b>HCT</b>	<b>Total</b>
Budget (without payroll)	\$373,907	\$355,161	\$496,035	\$159,438	\$1,384,541
Salaries: (includes ED FY 09 Salary as approved)	\$204,702	\$492,780	\$835,932	\$262,307	\$1,795,721
Digital Imaging System	\$0	\$17,389	\$7,453	\$8,394	\$33,236
Server System (includes additional \$3,542 reserve for JPIA)	\$5,651	\$12,547	\$22,000	\$7,487	\$47,685
Legislative Interns	\$8,000	\$1,000	\$500	\$500	\$10,000
LTAP – Road Risk Mgmt (JPIA approved June 12, 2008)			\$10,000		\$10,000
<b>Total FY 09 Budget Authority and JPA/JPIA/HCT Service Agreement Amounts</b>	<b>\$592,260</b>	<b>\$878,877</b>	<b>\$1,371,920</b>	<b>\$438,126</b>	<b>\$3,281,183</b>

There being no further business to come before the Board, the meeting was adjourned.

Approved this 21st day of September 2008.

  
Cynthia Johnson, MACo President

  
L. Harold Blattie, Secretary

## **AGREEMENT**

This agreement is made and entered into this 1<sup>st</sup> day of July, 2008, by and between the Montana Association of Counties Joint Powers Insurance Authority, 2715 Skyway Drive, Helena, MT, hereafter referred to as MACo JPIA, and the Montana Association of Counties, 2715 Skyway Drive, Helena, MT, hereafter referred to as MACo.

## **INTRODUCTION**

WHEREAS, MACo JPIA provides property, casualty and liability coverage to its member counties and insured special purpose districts, and;  
Whereas, MACo JPIA desires to engage MACo to perform certain administrative, marketing, claims administration, risk management and lobbying services on its behalf, and;  
Whereas, this instrument sets forth the terms and conditions in accordance with which MACo will provide such service for MACo JPIA.

### **1. Retention of MACo**

- 1.1 MACo JPIA agrees to retain MACo to act as its administrator, in which capacity MACo shall provide the administrative, marketing, claims administration, risk management and lobbying services as described in Exhibit "A" attached (the "administrative services").
- 1.2 MACo agrees to provide the above referenced administrative services on behalf of MACo JPIA.
- 1.3 MACo acknowledges that the individuals it retains to perform services on behalf of MACo JPIA shall be employees or contractors of MACo or employees of subcontractors of MACo and shall not be considered employees of MACo JPIA.  
Any employees, contractors or subcontractors which MACo retains to perform

administrative services on behalf of JPIA shall be entitled to compensation solely from MACo. The MACo Executive Director shall provide a current copy of the MACo Organizational Chart to MACo JPIA at any time it may be amended.

- 1.4 MACo agrees to comply, and agrees to use its best efforts to cause its contractors and subcontractors to comply, with all applicable and current policies, directives, instructions, rules, regulations and procedures established or issued by or on behalf of MACo JPIA which may have been communicated to MACo and which may involve any matter directly or indirectly related to the administrative services.
- 1.5 MACo will make every reasonable effort to comply with the applicable provisions of federal and state laws.
- 1.6 MACo shall manage the investments of the assets of JPIA in accordance with investment policies adopted by the trustees of JPIA as set forth in Exhibit "B" attached (the "Investment Policy").

## **2. Administrative Costs**

- 2.1 MACo shall, with respect to furnishing the administrative services, be entitled to fees equal to the actual incurred and allocated, salaries, employment related costs, travel and other direct and allocated costs for staff providing services on behalf of MACo JPIA as well as trustee-related direct and allocated costs. Additionally the fee shall include allocations for building operation and maintenance, reserves for leave liability, building reserves and auto reserves.

The fee shall also include any other costs associated with the administrative functions of JPIA, as approved by the JPIA Trustees, either by approval of the annual fee amount or other action of the JPIA Trustees.

- 2.2 The annual fee shall be agreed to by both parties no later than July 1<sup>st</sup> each year and shall be based upon a budget adopted annually by the JPIA Trustees or as amended during any fiscal year.
- 2.3 The fee for the period July 1, 2008 through June 30, 2009 shall be based upon actual costs incurred by MACo for services provided for in this agreement and shall not exceed \$ 1,371,920 unless specifically amended and agreed to by the parties.
- 2.4 MACo JPIA shall transfer to MACo payments for fees in monthly installments based on a billing provided by MACo of actual incurred costs.
- 2.5 In consideration of MACo providing investment management services to MACo JPIA, MACo shall receive in addition to the above fees an amount equal to 5% of the income earned from JPIA investments, excluding investments in real or personal property or real estate.

### **3. Approval**

- 3.1 MACo shall not commit or purport to commit MACo JPIA to any contract, agreement, understanding, or act without the prior consent of the Trustees of MACo JPIA.
- 3.2 MACo shall not take any action which results in it holding in its own name any contributions for coverage extended by MACo JPIA.

**4. Term of Agreement**

- 4.1 The initial term of this Agreement shall commence on July 1, 2007 and shall be renewed annually until it is terminated by either party as provided hereunder.
- 4.2 Either party may terminate this Agreement for any reason by providing written notice of non-renewal to the other party prior to April 1 of any year.

**5. Ownership of Records**

- 5.1 MACo agrees that upon termination of this Agreement, it shall immediately return to MACo JPIA without charge all papers, books, records, statistical data and all other documents or data belonging to the MACo JPIA that are related to the operation of the MACo JPIA, whether such documents or data were prepared by MACo or any other person or entity.

**6. Other Provisions**

- 6.1 Any notice or other communication required or permitted hereunder shall be in writing and shall, unless personally delivered into the hands of the party to be notified, or his proper agent, be deemed effectively received as of the day following the date of mailing thereof by registered or certified mail, with postage and registration or certification fees prepaid, to the address of the party to whom such notice is directed as last known to the party giving notice.
- 6.2 The validity and effect of this Agreement and the nature and extent of the rights and obligations of the parties hereunder shall be in every respect construed and determined in accordance with the laws of the State of Montana.

- 6.3 All written, printed, filmed, or taped material prepared by MACo in performance of this Agreement shall be and remain the property of the MACo JPIA.
- 6.4 This Agreement and the exhibits hereto contain all of the terms agreed upon by the parties with respect to the subject matter hereof and supersede all prior agreements, arrangements and communications between the parties dealing with such subject matter, whether oral or written.
- 6.5 The Trustees of the MACo JPIA shall retain the right to approve levels of staffing to serve the needs of the Trust and to approve staff compensation through the adoption of an annual operating budget which will be the basis of the annual fee as set forth in section 2 of this agreement.
- 6.6 This Agreement shall be binding upon and shall inure to the benefit of the transferees, successors and assigns of the parties.
- 6.7 Any cash, checks, or other instruments received by MACo or its employees on behalf of MACo JPIA shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo JPIA.
- 6.8 Neither party shall have any right to assign its interests under this Agreement without prior written consent of the other party.
- 6.9 No amendment or modification of this Agreement shall be valid or binding on either party unless made in writing and approved by the Trustees of MACo JPIA and the Executive Committee of MACo. The waiver of a breach of any provision of this Agreement by either party or the failure of either party otherwise to insist upon strict performance of any provision hereof shall not constitute a waiver of any subsequent breach or of any subsequent failure to perform.

- 6.10 Section headings and numbers have been inserted herein for convenience of reference only, and if there shall be any conflict between such numbers or headings and the text of this Agreement, the text shall control.
- 6.11 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.
- 6.10 MACo JPIA agrees to protect, defend and save MACo, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo JPIA and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.
- 6.11 MACo agrees to protect, defend and save MACo JPIA, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.

IN WITNESS OF THE FOREGOING, MACo JPIA and MACo have authorized this Agreement to be signed by their duly authorized officers.

MONTANA ASSOCIATION OF COUNTIES, JOINT POWERS INSURANCE AUTHORITY

Date: 06/26/08

By: Michael Murray, JPIA Trust Chair

MONTANA ASSOCIATION OF COUNTIES

Date: 07/01/08

By: Harold Blatz, MACo Executive Director

## EXHIBIT "A"

MACo shall perform duties consistent with generally accepted performance standards for marketing, risk management, claims administration, member services and other services as may be requested by MACo JPIA and set forth in position descriptions for MACo employees providing services to MACo JPIA.

Examples of typical duties and services provided are listed below. This list is not intended to set forth specific requirements, but rather is meant to serve as a general guideline, nor is it intended to be all-inclusive.

- Devise and direct a professional and imaginative promotional and marketing campaign for existing Trust programs designed to attract and retain member counties and insured special districts.
- Devise and coordinate the creation of new coverage, as necessary to allow MACo JPIA to compete in the marketplace.
- Prepare written proposals for potential member counties and insured's.
- Make timely visits to member counties to discuss concerns and problems.
- Provide timely bulletins and risk alerts to member groups.
- Research and answer inquiries from current and prospective members and insured's in a timely manner.
- Act as conduit for communications between the brokers, contractors and other third-party administrators with the JPIA Trustees and member counties and insured's.
- Develop and provide an effective risk management program to reduce and manage loss exposure.
- Provide claims management services including the assignment of counsel to defend member counties and insured against claims within the coverage provided by the JPIA Trust. It is understood that settlement authority in excess of amounts, as determined by the Trustees, shall be retained by the JPIA Trust.
- Provide other administrative, risk management, claims management and other services as may be requested by the JPIA Trustees.
- Process and underwrite coverage applications and such other data to enable the Trustees or the re-insurer to make informed decisions.

- Calculate, bill and collect premium payments, as established by the JPIA Trustees from participating members and insured's, and prepare related documents and reports.
- Perform the necessary accounting functions for the Trust, which includes, but are not limited to the following: premium billing and collection, reconciliation of all JPIA accounts; development of records, documents and reports desired by the JPIA Trustees; timely entry of all transactions in accounting programs; monitoring of account balances and making timely transfers as necessary to and from long term investments as necessary to maintain positive account balances. MACo shall also manage the investments of the Trust in accordance with investment policies as may be determined by the JPIA Trustees.
- Prepare for and attend all Trustees' meetings.
- Attend meetings at which the Trustees request representation.
- Monitor and prepare reports to the Trustees on relevant legislation and respond as directed by the Trustees.
- Act as a conduit for communications between the Trustees and third parties.
- Prepare and disseminate projections and proposed budget information to the Trustees at their direction.
- Provide staff support facilities or engage subcontractors as may be necessary to properly and promptly perform the services listed above.
- Assist the Trustees in drafting policies and bylaw amendments for the operation of the Trust as may from time to time be proposed.
- Administer underwriting functions as it relates to pricing coverage to members and insureds.
- Obtain quotes for excess re-insurance coverage for the Trust as determined by the JPIA Trustees.
- Prepare correspondence incidental to day-to-day operation of the Trust.
- Arrange for and assist in the design of the employee booklets, forms and announcement material to participants of the Trust.
- Assist the Trust in the preparation of filings as may be required by state or federal regulations.
- Prepare reports for the Trustees concerning current developments in the insurance industry.

- Prepare and provide information to brokers and insurance companies, and obtain quotes to place the Trustees' errors and omissions liability insurance.
- Provide information to and consult with the actuary, investment advisors and brokers as necessary.
- Provide financial information for the Trust's outside independent auditor for preparation of the annual audit report.
- Consult with Trust General Counsel in drafting and revising Trust documents, claims and coverage issues, retain counsel to represent the Trust in legal disputes and other legal issues as necessary.
- Consult with other contractors or consultants as necessary.
- In connection with the activities listed above, MACo shall maintain records pertaining to the Trust including, but not limited to:
  - Correspondence.
  - Premium billings and calculation information.
  - Reports to Trustees.
  - Documents related to the financial activities of the Trust.

## **EXHIBIT "B"**

### **INVESTMENT POLICY**

#### **OBJECTIVE:**

The objective of this policy is to protect the interests of members and insureds by promoting solvency and financial strength. This purpose will be accomplished through the application of investment standards that facilitate a reasonable balance of the following objectives:

- (a) preservation of principal;
- (b) ensuring reasonable diversification as to type of investment, issuer, and credit quality; and
- (c) allowing the allocation of investments in a manner consistent with principles of prudent investment management to achieve an adequate return so that obligations to members and insureds are adequately met and financial strength is sufficient to cover reasonably foreseeable contingencies.

#### **POLICY STATEMENT**

It shall be the policy of MACo JPIA to manage cash and other assets of the Trust in such a manner so as to provide a balance between maximizing the return on investment with a low level of risk and in such a manner as may be required under law for a risk sharing pool.

Investments of the assets of the Trust shall be limited to:

Real or tangible personal property, repurchase transactions, cash, cash equivalents, and direct obligations or securities that are fully guaranteed as to principal and interest, short-term, highly rated, and highly liquid investments or securities readily convertible to known amounts of cash, money market mutual funds or bond mutual funds, and other investments that shall from time to time be approved by the Trustees or as may be required under law for a risk sharing pool.

Investments shall not be made in common or preferred stock unless specifically authorized by the Trustees

Investments shall be made in such a manner that will not limit the ability of the Trust to meet cash flow needs to pay claims, administrative expenses and other costs that the Trust may from time to time incur.

Any cash, checks, or other instruments received by MACo the Trust, its employees or contractors shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo JPIA.

Transfers between accounts shall be made to maintain positive account balances at all times.

## **AGREEMENT**

This agreement is made and entered into this 1<sup>st</sup> day of July, 2008, by and between the Montana Association of Counties Joint Powers Authority, 2715 Skyway Drive, Helena, MT, hereafter referred to as MACo JPA, and the Montana Association of Counties, 2715 Skyway Drive, Helena, MT, hereafter referred to as MACo.

## **INTRODUCTION**

WHEREAS, MACo JPA provides workers compensation insurance coverage to its member counties, and;

Whereas, MACo JPA desires to engage MACo to perform certain administrative, marketing, claims administration, risk management and lobbying services on its behalf, and;

Whereas, this instrument sets forth the terms and conditions in accordance with which MACo will provide such service for MACo JPA.

### **1. Retention of MACo**

- 1.1 MACo JPA agrees to retain MACo to act as its administrator, in which capacity MACo shall provide the administrative, marketing, claims administration, risk management and lobbying services as described in Exhibit "A" attached (the "administrative services").
- 1.2 MACo agrees to provide the above referenced administrative services on behalf of MACo JPA.
- 1.3 MACo acknowledges that the individuals it retains to perform services on behalf of MACo JPA shall be employees or contractors of MACo or employees of subcontractors of MACo and shall not be considered employees of MACo JPA. Any employees, contractors or subcontractors which MACo retains to perform

administrative services on behalf of JPA shall be entitled to compensation solely from MACo. The MACo Executive Director shall provide a current copy of the MACo Organizational Chart to MACo JPA at any time it may be amended.

- 1.4 MACo agrees to comply, and agrees to use its best efforts to cause its contractors and subcontractors to comply with all applicable and current policies, directives, instructions, rules, regulations and procedures established or issued by or on behalf of MACo JPA which may have been communicated to MACo and which may involve any matter directly or indirectly related to the administrative services.
- 1.5 MACo will make every reasonable effort to comply with the applicable provisions of federal and state laws.
- 1.6 MACo shall manage the investments of the assets of JPA in accordance with investment policies adopted by the trustees of JPA as set forth in Exhibit "B" attached (the "Investment Policy").

## **2. Administrative Costs**

- 2.1 MACo shall, with respect to furnishing the administrative services, be entitled to fees equal to the actual incurred and allocated, salaries, employment related costs, travel and other direct and allocated costs for staff providing services on behalf of MACo JPA as well as trustee-related direct and allocated costs. Additionally the fee shall include allocations for building operation and maintenance, reserves for leave liability, building reserves and auto reserves.

The fee shall also include any other costs associated with the administrative functions of JPA, as approved by the JPA Trustees, either by approval of the annual fee amount or other action of the JPA Trustees.

- 2.2 The annual fee shall be agreed to by both parties no later than July 1<sup>st</sup> each year and shall be based upon a budget adopted annually by the JPA Trustees or as amended during any fiscal year.
- 2.3 The fee for the period July 1, 2008 through June 30, 2009 shall be based upon actual costs incurred by MACo for services provided for in this agreement and shall not exceed \$ 878,817 unless specifically amended and agreed to by the parties.
- 2.4 MACo JPA shall transfer to MACo payments for fees in monthly installments based on a billing provided by MACo of actual incurred costs.
- 2.5 In consideration of MACo providing investment management services to MACo JPA, MACo shall receive in addition to the above fees an amount equal to 5% of the income earned from JPA investments, excluding investments in real or personal property or real estate.

### **3. Approval**

- 3.1 MACo shall not commit or purport to commit MACo JPA to any contract, agreement, understanding, or act without the prior consent of the Trustees of MACo JPA.
- 3.2 MACo shall not take any action which results in it holding in its own name any contributions for coverage extended by MACo JPA.

**4. Term of Agreement**

- 4.1 The initial term of this Agreement shall commence on July 1, 2007 and shall be renewed annually until it is terminated by either party as provided hereunder.
- 4.2 Either party may terminate this Agreement for any reason by providing written notice of non-renewal to the other party prior to April 1 of any year.

**5. Ownership of Records**

- 5.1 MACo agrees that upon termination of this Agreement, it shall immediately return to MACo JPA without charge all papers, books, records, statistical data and all other documents or data belonging to the MACo JPA that are related to the operation of the MACo JPA, whether such documents or data were prepared by MACo or any other person or entity.

**6. Other Provisions**

- 6.1 Any notice or other communication required or permitted hereunder shall be in writing and shall, unless personally delivered into the hands of the party to be notified, or his proper agent, be deemed effectively received as of the day following the date of mailing thereof by registered or certified mail, with postage and registration or certification fees prepaid, to the address of the party to whom such notice is directed as last known to the party giving notice.
- 6.2 The validity and effect of this Agreement and the nature and extent of the rights and obligations of the parties hereunder shall be in every respect construed and determined in accordance with the laws of the State of Montana.

- 6.3 All written, printed, filmed, or taped material prepared by MACo in performance of this Agreement shall be and remain the property of the MACo JPA.
- 6.4 This Agreement and the exhibits hereto contain all of the terms agreed upon by the parties with respect to the subject matter hereof and supersede all prior agreements, arrangements and communications between the parties dealing with such subject matter, whether oral or written.
- 6.5 The Trustees of the MACo JPA shall retain the right to approve levels of staffing to serve the needs of the Trust and to approve staff compensation through the adoption of an annual operating budget which will be the basis of the annual fee as set forth in section 2 of this agreement.
- 6.6 This Agreement shall be binding upon and shall inure to the benefit of the transferees, successors and assigns of the parties.
- 6.7 Any cash, checks, or other instruments received by MACo or its employees on behalf of MACo JPA shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo JPA.
- 6.8 Neither party shall have any right to assign its interests under this Agreement without prior written consent of the other party.
- 6.9 No amendment or modification of this Agreement shall be valid or binding on either party unless made in writing and approved by the Trustees of MACo JPA and the Executive Committee of MACo. The waiver of a breach of any provision of this Agreement by either party or the failure of either party otherwise to insist upon strict performance of any provision hereof shall not constitute a waiver of any subsequent breach or of any subsequent failure to perform.

- 6.10 Section headings and numbers have been inserted herein for convenience of reference only, and if there shall be any conflict between such numbers or headings and the text of this Agreement, the text shall control.
- 6.11 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.
- 6.10 MACo JPA agrees to protect, defend and save MACo, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo JPA and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.
- 6.11 MACo agrees to protect, defend and save MACo JPA, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.

IN WITNESS OF THE FOREGOING, MACo JPA and MACo have authorized this Agreement to be signed by their duly authorized officers.

MONTANA ASSOCIATION OF COUNTIES, JOINT POWERS AUTHORITY

Date: July 1, 2008

By: Cynthia A. Johnson, JPA Trust Chair

MONTANA ASSOCIATION OF COUNTIES

Date: July 1, 2008

By: L. David Blader, MACo Executive Director

## EXHIBIT "A"

MACo shall perform duties consistent with generally accepted performance standards for marketing, risk management, claims administration, member services and other services as may be requested by MACo JPA and set forth in position descriptions for MACo employees providing services to MACo JPA.

Examples of typical duties and services provided are listed below. This list is not intended to set forth specific requirements, but rather is meant to serve as a general guideline, nor is it intended to be all-inclusive.

- Devise and direct a professional and imaginative promotional and marketing campaign for existing Trust programs designed to attract and retain member counties.
- Devise and coordinate member services, as necessary to allow MACo JPA to compete in the marketplace.
- Prepare written proposals for potential member counties.
- Make timely visits to member counties to discuss concerns and problems.
- Provide timely bulletins and risk alerts to member groups.
- Research and answer inquiries from current and prospective members in a timely manner.
- Act as conduit for communications between the brokers, contractors and other third-party administrators with the JPA Trustees and member counties and insured's.
- Act as a liaison to the Montana Department of Labor and Industry for matters related to the regulatory authority of MDOL.
- Develop and provide an effective risk management program to reduce and manage loss exposure.
- Provide claims management services including the assignment of counsel to defend member counties and insured against claims within the coverage provided by the JPA Trust. It is understood that settlement authority in excess of amounts, as determined by the Trustees, shall be retained by the JPA Trust.
- Provide other administrative, risk management, claims management and other services as may be requested by the JPA Trustees.
- Process data to enable the Trustees or the re-insurer to make informed decisions.

- Calculate, bill and collect premium payments, as established by the JPA Trustees from participating members and prepare related documents and reports.
- Perform the necessary accounting functions for the Trust, which includes, but are not limited to the following: premium billing and collection, reconciliation of all JPA accounts; development of records, documents and reports desired by the JPA Trustees; timely entry of all transactions in accounting programs; monitoring of account balances and making timely transfers as necessary to and from long term investments as necessary to maintain positive account balances. MACo shall also manage the investments of the Trust in accordance with investment policies as may be determined by the JPA Trustees.
- Prepare for and attend all Trustees' meetings.
- Attend meetings at which the Trustees request representation.
- Monitor and prepare reports to the Trustees on relevant legislation and respond as directed by the Trustees.
- Act as a conduit for communications between the Trustees and third parties.
- Prepare and disseminate projections and proposed budget information to the Trustees at their direction.
- Provide staff support facilities or engage subcontractors as may be necessary to properly and promptly perform the services listed above.
- Assist the Trustees in drafting policies and bylaw amendments for the operation of the Trust as may from time to time be proposed.
- Administer underwriting functions as it relates to establishing premium rates for members.
- Obtain quotes for excess re-insurance coverage for the Trust as determined by the JPA Trustees.
- Prepare correspondence incidental to day-to-day operation of the Trust.
- Arrange for and assist in the design of the employee booklets, forms and announcement material to participants of the Trust.
- Assist the Trust in the preparation of filings as may be required by state or federal regulations.
- Prepare reports for the Trustees concerning current developments in the workers compensation insurance industry.

- Prepare and provide information to brokers and insurance companies, and obtain quotes to place the Trustees' errors and omissions liability insurance.
- Provide information to and consult with the actuary, investment advisors and brokers as necessary.
- Provide financial information for the Trust's outside independent auditor for preparation of the annual audit report.
- Consult with Trust General Counsel in drafting and revising Trust documents, claims and coverage issues, retain counsel to represent the Trust in legal disputes and other legal issues as necessary.
- Consult with other contractors or consultants as necessary.
- In connection with the activities listed above, MACo shall maintain records pertaining to the Trust including, but not limited to:
  - Correspondence.
  - Premium billings and calculation information.
  - Reports to Trustees.
  - Documents related to the financial activities of the Trust.

## EXHIBIT "B"

### INVESTMENT POLICY

#### OBJECTIVE

The objective of this policy is to protect the interests of members by promoting solvency and financial strength. This purpose will be accomplished through the application of investment standards that facilitate a reasonable balance of the following objectives:

- (a) preservation of principal;
- (b) ensuring reasonable diversification as to type of investment, issuer, and credit quality; and
- (c) allowing the allocation of investments in a manner consistent with principles of prudent investment management to achieve an adequate return so that obligations to members are adequately met and financial strength is sufficient to cover reasonably foreseeable contingencies.

#### POLICY STATEMENT

It shall be the policy of MACo JPA to manage cash and other assets of the Trust in such a manner so as to provide a balance between maximizing the return on investment with a low level of risk and in such a manner as may be required under law for a risk sharing pool.

Investments of the assets of the Trust shall be limited to:

Real or tangible personal property, repurchase transactions, cash, cash equivalents, and direct obligations or securities that are fully guaranteed as to principal and interest, short-term, highly rated, and highly liquid investments or securities readily convertible to known amounts of cash, money market mutual funds or bond mutual funds, and other investments that shall from time to time be approved by the Trustees or as may be required under law for a risk sharing pool.

No more than 25% of total investments, excluding real and tangible personal property, shall be made in common or preferred stock unless specifically authorized by the Trustees

Investments shall be made in such a manner that will not limit the ability of the Trust to meet cash flow needs to pay claims, administrative expenses and other costs that the Trust may from time to time incur.

Any cash, checks, or other instruments received by MACo the Trust, its employees or contractors shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo JPA.

Transfers between accounts shall be made to maintain positive account balances at all times.

## **AGREEMENT**

This agreement is made and entered into this 1<sup>ST</sup> day of July, 2008, by and between the Montana Association of Counties Health Care Trust, hereafter referred to as MACo HCT, 2715 Skyway Drive, Helena, MT, and the Montana Association of Counties, hereafter referred to as MACo, 2715 Skyway Drive, Helena, MT.

## **INTRODUCTION**

WHEREAS, MACo HCT provides employee health insurance and benefits coverage to its member counties and insured special purpose districts, and;

Whereas, MACo HCT desires to engage MACo to perform certain administrative, marketing, risk management and lobbying services on its behalf, and;

Whereas, this instrument sets forth the terms and conditions in accordance with which MACo will provide such service for MACo HCT.

### **1. Retention of MACo**

- 1.1 MACo HCT agrees to retain MACo to act as its administrator, in which capacity MACo shall provide the administrative, marketing, risk management and lobbying services as described in Exhibit "A" attached (the "administrative services").
- 1.2 MACo agrees to provide the above referenced administrative services on behalf of MACo HCT.
- 1.3 MACo acknowledges that the individuals it retains to perform services on behalf of MACo HCT shall be employees or contractors of MACo or employees of subcontractors of MACo and shall not be considered employees of MACo HCT for any purposes. Any employees, contractors or subcontractors which MACo

retains to perform administrative services on behalf of MACo HCT shall be entitled to compensation solely from MACo. The MACo Executive Director shall provide a current copy of the MACo Organizational Chart to MACo HCT at any time it may be amended.

- 1.4 MACo agrees to comply, and agrees to use its best efforts to cause its contractors and subcontractors to comply, with all applicable and current policies, directives, instructions, rules, regulations and procedures established or issued by or on behalf of MACo HCT which may have been communicated to MACo and which may involve any matter directly or indirectly related to the administrative services.
- 1.5 MACo will make every reasonable effort to comply with the applicable provisions of federal and state laws.
- 1.6 MACo shall manage the investments of the assets of HCT in accordance with investment policies adopted by the trustees of HCT as set forth in Exhibit "B" attached (the "Investment Policy").

## **2. Administrative Costs**

- 2.1 MACo shall, with respect to furnishing the administrative services, be entitled to fees equal to the actual incurred and allocated, salaries, employment related costs, travel and other direct and allocated costs for staff providing services on behalf of MACo HCT as well as trustee-related direct and allocated costs. Additionally the fee shall include allocations for reserves for leave liability and auto reserves.

The fee shall also include any other costs associated with the administrative functions of HCT, as approved by the HCT Trustees, either by approval of the annual fee amount or other action of the HCT Trustees.

- 2.2 The annual fee shall be agreed to by both parties no later than July 1<sup>st</sup> each year and shall be based upon a budget adopted annually by the HCT Trustees or as amended during any fiscal year.
- 2.3 The fee for the period July 1, 2008 through June 30, 2009 shall be based upon actual costs incurred by MACo for services provided for in this agreement and shall not exceed \$ 438,126 unless specifically amended and agreed to by the parties.
- 2.4 MACo HCT shall transfer to MACo payments for fees in monthly installments based on a billing provided by MACo of actual incurred costs.
- 2.5 In consideration of MACo providing investment management services to MACo HCT, MACo shall receive in addition to the above fees an amount equal to 5% of the income earned from HCT investments, excluding investments in real or personal property or real estate.

### **3. Approval**

- 3.1 MACo shall not commit or purport to commit MACo HCT to any contract, agreement, understanding, or act without the prior consent of the Trustees of MACo HCT.
- 3.2 MACo shall not take any action which results in it holding in its own name any contributions for coverage extended by MACo HCT.

**4. Term of Agreement**

- 4.1 The initial term of this Agreement shall commence on April 1, 2007 and shall be renewed annually beginning July 1, 2008 until it is terminated by either party as provided hereunder.
- 4.2 Either party may terminate this Agreement for any reason by providing written notice of non-renewal to the other party prior to April 1 of any year.

**5. Ownership of Records**

- 5.1 MACo agrees that upon termination of this Agreement, it shall immediately return to MACo HCT without charge all papers, books, records, statistical data and all other documents or data belonging to the MACo HCT that are related to the operation of the MACo HCT, whether such documents or data were prepared by MACo or any other person or entity.

**6. Other Provisions**

- 6.1 Any notice or other communication required or permitted hereunder shall be in writing and shall, unless personally delivered into the hands of the party to be notified, or his proper agent, be deemed effectively received as of the day following the date of mailing thereof by registered or certified mail, with postage and registration or certification fees prepaid, to the address of the party to whom such notice is directed as last known to the party giving notice.
- 6.2 The validity and effect of this Agreement and the nature and extent of the rights and obligations of the parties hereunder shall be in every respect construed and determined in accordance with the laws of the State of Montana.

- 6.3 All written, printed, filmed, or taped material prepared by MACo in performance of this Agreement shall be and remain the property of the MACo HCT.
- 6.4 This Agreement and the exhibits hereto contain all of the terms agreed upon by the parties with respect to the subject matter hereof and supersede all prior agreements, arrangements and communications between the parties dealing with such subject matter, whether oral or written.
- 6.5 The Trustees of the MACo HCT shall retain the right to approve levels of staffing to serve the needs of the Trust and to approve staff compensation through the adoption of an annual operating budget which will be the basis of the annual fee as set forth in section 2 of this agreement.
- 6.6 This Agreement shall be binding upon and shall inure to the benefit of the transferees, successors and assigns of the parties.
- 6.7 Any cash, checks, or other instruments received by MACo or its employees on behalf of MACo HCT shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo HCT.
- 6.8 Neither party shall have any right to assign its interests under this Agreement without prior written consent of the other party.
- 6.9 No amendment or modification of this Agreement shall be valid or binding on either party unless made in writing and approved by the Trustees of MACo HCT and the Executive Committee of MACo. The waiver of a breach of any provision of this Agreement by either party or the failure of either party otherwise to insist upon strict performance of any provision hereof shall not constitute a waiver of any subsequent breach or of any subsequent failure to perform.

- 6.10 Section headings and numbers have been inserted herein for convenience of reference only, and if there shall be any conflict between such numbers or headings and the text of this Agreement, the text shall control.
- 6.11 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.
- 6.10 MACo HCT agrees to protect, defend and save MACo, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo HCT and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.
- 6.11 MACo agrees to protect, defend and save MACo HCT, its elected and appointed officials, contractors and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense thereof, arising out of services performed or omissions of services or in any way resulting from the acts or omissions of MACo and/or its contractors, employees, representatives, assigns and subcontractors under this agreement.

IN WITNESS OF THE FOREGOING, MACo HCT and MACo have authorized this Agreement to be signed by their duly authorized officers.

MONTANA ASSOCIATION OF COUNTIES, HEALTH CARE TRUST

Date: July 1, 2008

By: Cynthia A. Johnson, HCT Trust Chair

MONTANA ASSOCIATION OF COUNTIES

Date: July 1, 2008

By: Harold Blad, MACo Executive Director

## EXHIBIT "A"

MACo shall perform duties consistent with generally accepted performance standards for marketing, risk management, claims administration, member services and other services as may be requested by MACo HCT and set forth in position descriptions for MACo employees providing services to MACo HCT.

Examples of typical duties and services provided are listed below. This list is not intended to set forth specific requirements, but rather is meant to serve as a general guideline, nor is it intended to be all-inclusive.

- Devise and direct a professional and imaginative promotional and marketing campaign for existing Trust programs designed to attract and retain member counties.
- Devise and coordinate the creation of new insurance plans, as necessary to allow MACoHCT to compete with other group plans being offered in the marketplace.
- Prepare written proposals for potential member counties.
- Make timely visits to member counties to discuss concerns and problems.
- Provide timely bulletins and alerts to member groups.
- Research and answer inquiries from members and prospective members in a timely manner.
- Act as conduit for communications between the claims administrator, the Trustees and plan members.
- Process participation applications and such other data to enable the Trustees or the insurer to make informed decisions as to the eligibility of applicants. Monitor the eligibility of members to the extent possible, including student verifications.
- Calculate, bill (on a billing schedule to be determined by the Trustees) and collect premium payments from participating employers, and prepare monthly premium and covered employee reports.
- Perform the necessary accounting functions for the Trust, which includes, but are not limited to the following: premium billing and collection, reconciliation of all HCT accounts; development of records, documents and reports desired by the HCT Trustees; timely entry of all transactions in accounting programs; monitoring of account balances and making timely transfers as necessary to and from long term investments as necessary to maintain positive account balances. MACo shall also manage the investments of the Trust in accordance with investment policies as may be determined by the HCT Trustees.

- Prepare for and attend all Trustees' meetings.
- Attend meetings at which the Trustees request representation by the administrator.
- Monitor and prepare reports to the Trustees on relevant legislation and respond as directed by the Trustees.
- Act as a conduit for communications between the Trustees and third parties.
- Prepare and disseminate projections and proposed budget information to the Trustees at their direction.
- Provide staff support facilities or engage subcontractors as may be necessary to properly and promptly perform the services listed above.
- Assist the Trustees in drafting eligibility rules and rules for the operation of the Trust.
- Assist the Trustees in drafting policies and bylaw amendments for the operation of the Trust as may from time to time be proposed
- Administer underwriting functions as it relates to pricing new business and renewing current subscribers.
- Obtain quotes for specific and aggregate re-insurance for the Trust and prepare monthly re-insurance reports and monthly life and AD&D reports for the insurer.
- Prepare correspondence incidental to day-to-day operation of the Trust.
- Arrange for and assist in the design of the employee booklets, forms and announcement material to participants of the Trust.
- Assist the Trust in the preparation of filings as may be required by state or federal regulations and assist member employers in administering COBRA and maintain a COBRA log.
- Prepare as needed reports for the Trustees concerning current developments in the health care industry.
- Prepare and provide information to insurance companies and obtain quotes to place the Trustees' errors and omissions liability insurance.
- Provide information to and consult with the actuary, investment advisors and brokers as necessary.
- Provide financial information for the Trust's outside independent auditor for preparation of the annual audit report.

- Consult with Trust General Counsel in drafting and revising Trust documents, claims and coverage issues, retain counsel to represent the Trust in legal disputes and other legal issues as necessary
- Coordinate with utilization coordination services contractor.
- Consult with other contractors or consultants as necessary.
- In connection with the activities listed above, MACo shall maintain records pertaining to the Trust including, but not limited to:
  - Participation (enrollment) records.
  - Termination records.
  - Correspondence.
  - Premium billings and calculation information.
  - Trust promotional materials.
  - Reports to Trustees.
  - Documents related to the financial activities of the Trust

## **EXHIBIT "B"**

### **INVESTMENT POLICY**

#### **OBJECTIVE:**

The objective of this policy is to protect the interests of members by promoting solvency and financial strength. This purpose will be accomplished through the application of investment standards that facilitate a reasonable balance of the following objectives:

- (a) preservation of principal;
- (b) ensuring reasonable diversification as to type of investment, issuer, and credit quality; and
- (c) allowing the allocation of investments in a manner consistent with principles of prudent investment management to achieve an adequate return so that obligations to members are adequately met and financial strength is sufficient to cover reasonably foreseeable contingencies.

#### **POLICY STATEMENT**

It shall be the policy of MACo HCT to manage cash and other assets of the Trust in such a manner so as to provide a balance between maximizing the return on investment with a low level of risk and in such a manner as may be required under law for a risk sharing pool.

Investments of the assets of the Trust shall be limited to:

Real or tangible personal property, repurchase transactions, cash, cash equivalents, and direct obligations or securities that are fully guaranteed as to principal and interest, short-term, highly rated, and highly liquid investments or securities readily convertible to known amounts of cash, money market mutual funds or bond mutual funds, and other investments that shall from time to time be approved by the Trustees or as may be required under law for a risk sharing pool.

Investments shall not be made in common or preferred stock unless specifically authorized by the Trustees

Investments shall be made in such a manner that will not limit the ability of the Trust to meet cash flow needs to pay claims, administrative expenses and other costs that the Trust may from time to time incur.

Any cash, checks, or other instruments received by MACo the Trust, its employees or contractors shall be deposited as soon as reasonably practical in a bank or other depository designated by MACo HCT.

Transfers between accounts shall be made to maintain positive account balances at all times.